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**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

USA COMMERCIAL MORTGAGE COMPANY,  
USA CAPITAL REALTY ADVISORS, LLC,  
USA CAPITAL DIVERSIFIED TRUST DEED FUND,  
LLC,  
USA CAPITAL FIRST TRUST DEED FUND, LLC,  
USA SECURITIES, LLC,

Debtors.

**Affects:**

- ☐ All Debtors
- ☒ USA Commercial Mortgage Company
- ☐ USA Capital Realty Advisors, LLC
- ☒ USA Capital Diversified Trust Deed Fund, LLC
- ☒ USA Capital First Trust Deed Fund, LLC
- ☐ USA Securities, LLC

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Case No. BK-S-06-10725-LBR  
Case No. BK-S-06-10726-LBR  
Case No. BK-S-06-10727-LBR  
Case No. BK-S-06-10728-LBR  
Case No. BK-S-06-10729-LBR

**CHAPTER 11**

Jointly Administered Under Case No. BK-S-06-10725 LBR

**Partial Objection of USACM Trust To Robert and Beverley Carollo Claim Filed in Wrong Debtor's Case; Objection of FTDF to Claim as Duplicative of Claim Previously Disallowed in FTDF Case; and Objection of DTDF to Claim as Duplicative of Claim Previously Disallowed in DTDF Case**

Heating Date: October 15, 2007  
Hearing Time: 9:30 a.m.

Robert and Beverley Carollo (together, the “Carollos”) filed the following Proofs of Claim against USA Commercial Mortgage Company (“USACM”):

10725-00098-1 in the amount of \$100,000+. The basis for the claim is shown in the attachment to be based on interests in several direct lender loans.

10725-00098-3 in the amount of \$196,094.65. The basis for the claim is shown on its face and in the attachment as based on three transactions:

\$96,094.65 investment in USA Diversified Trust Deed Fund (“DTDF”)

\$50,000 direct loan for Fiesta USA/Stoneridge, plus interest

\$50,000 investment in USA Capital First Trust Deed Fund, LLC (“FTDF”).

According to the BMC claims registry, two apparently identical copies of Proof of Claim 10725-00098-3 were filed in the FTDF case, and numbered 10728-00092 and 10728-00092-2. An identical copy was also filed in the DTDF case and numbered 10727-00044-2, which amended a claim with documentation supporting the Carollos’ investment in DTDF that was previously filed in the DTDF case and numbered 10727-00044.

A. USACM Trust Objection to Carollo Claims filed in the USACM Case

At this time, the USACM Liquidating Trust (the “USACM Trust”) objects to Carollo claim 10725-00098-3 to the extent it asserts a claim against the USACM estate based solely upon the Carollos’ investments in DTDF and FTDF. To that extent, it is a claim that was incorrectly filed in the USACM case and should be deemed stricken and duplicative of the Carollos’ identical filings in the DTDF and FTDF cases. The USACM Trust does not at this time object to Claim 10725-00098-1 or the portion of Claim 10725-00098-3 that relates to a direct lender loan to Fiesta USA/Stoneridge (\$50,000), but reserves the right to object to these claims in the future.

The USACM Trust respectfully requests that as to Claim 10725-00098-3, the \$50,000.00 related to an alleged investment in FTDF be disallowed as a claim against USACM. Any claim the Carollos have against USACM solely on account of their

investment in FTDF is derivative of FTDF's claims against USACM. Under a settlement approved by the Court on June 12, 2007, all such FTDF claims were settled, with FTDF holding a \$7.0 million allowed general unsecured claim and beneficial interest in the USACM Liquidating Trust. The equity interest holders in FTDF will share in any recovery on account of that claim.

The USACM Trust respectfully requests that the \$96,094.65 portion of Claim 10725-00098-3 be disallowed as a claim against USACM and held to be duplicative of the identical claim in the DTDF case. Any claim held by the Carollos against USACM solely on account of their investment in DTDF is derivative of DTDF's claims against USACM. While the amount of DTDF's claims against USACM has not been resolved, the equity interest holders in DTDF will share in any recovery on account of those claims.

B. FTDF Committee Objection to Proposed Allowance of Carollo Claim in FTDF Case

The Official Committee of Equity Security Holders of FTDF ("FTDF Committee") further objects to any proposed allowance of the Carollos' Claim Nos. 10725-00098-3, and identical claims 10728-00092-2, and 10728-00098-2 against the FTDF estate. The Carollos originally filed a claim in the FTDF estate, *i.e.* Claim No. 10728-00092, of which it attributed \$50,000 to FTDF (the same amount attributed to FTDF in the claim filed in the USACM case) based upon a purported investment in FTDF of that amount. The FTDF Committee objected to this claim. By order of February 7, 2007 (Docket No. 2711), the Carollos' claim was disallowed due to the fact that there is no record of their having made any investment in FTDF. The Carollos are not entitled to a duplicative claim or equity interest in the FTDF case either on account of their mis-filing a proof of claim in the USACM case (as is the case with respect to Claim No. 10725-00098-3), or on account of their having subsequently filed duplicate claims in the FTDF case (as is the case with respect to Claim Nos. 10728-00092-2 and 10728-00098-2). Accordingly, the FTDF Committee objects to any proposed allowance of the Carollos' Claim Nos. 10725-00098-

1 3, 10728-00092-2, and 10728-00098-2 in the FTDF case, as duplicative of the Carollos'  
2 claim which was previously disallowed.

3 C. DTDF Objection to Proposed Allowance of Carollo Claim in DTDF Case

4 DTDF further objects to any proposed allowance of the Carollo claim for  
5 \$96,094.65 against the DTDF estate. Carollo filed a claim in the DTDF estate based upon  
6 the Carollos' membership interests in DTDF, *i.e.* Claim No. 10727-00044-2 in the amount  
7 of \$96,094.65 (the same amount that was filed in the USACM case), which amended  
8 Claim No. 10727-00044. DTDF's books and records indicate the Carollos hold  
9 membership interests in DTDF valued at \$96,094.65 as of the Petition Date. The Official  
10 Committee of Equity Security Holders of DTDF ("DTDF Committee") previously  
11 objected to the Carollo claim because it was a creditor claim filed by holders of equity  
12 interests in DTDF who are not entitled to any distribution from DTDF on the basis of such  
13 claim but who shall recover from DTDF on a *pro rata* basis with all other equity interest  
14 holders. By order of February 14, 2007 (Docket No. 2765), the DTDF Committee's  
15 objection to the Carollo claim was sustained, and the Carollo claim against DTDF was  
16 disallowed in its entirety. The Carollos are not entitled to a duplicative claim or interest in  
17 the DTDF case either on account of their mis-filing of a proof of claim in the USACM  
18 case (as is the case with respect to Claim No. 10725-00098-3), or on account of their  
19 having subsequently filed a duplicate claim in the DTDF case (as is the case with respect  
20 to Claim No. 10727-00044-2). Accordingly, Post-Effective Date DTDF objects to any  
21 proposed allowance of the Carollos' Claim Nos. 10725-00098-3 and identical claim  
22 10727-00044-2 in the DTDF case, as duplicative of the Carollos' Claim No. 10727-00044,  
23 which was previously disallowed and was based upon their existing \$96,094.65 equity  
24 interest in DTDF.

25 This objection is made pursuant to Bankruptcy Code section 502, Federal Rule of  
26 Bankruptcy Procedure 3007, and Local Rule of Bankruptcy Practice 3007.

Dated: August 8, 2007

By: /s/ Eve H. Karasik

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28 By /s/ Renee L. Creswell